

supply borrower and its members under which the loans incurred by the power supply borrower are primarily to construct, improve or acquire facilities that benefit all members directly or indirectly, the security of loans to all parties is interlinked. Consequently, DSM activities and renewable energy activities must be coordinated among all parties to insure that the activities of one member do not jeopardize the financial integrity or loan security of any other member or that of the power supply borrower.

(2) A distribution system that is not a member of an RUS financed power supply borrower shall prepare its own IRP. An IRP developed by a distribution borrower that is not a member of a power supply borrower need only address its own system, but shall include an analysis of the effects of its DSM activities on its wholesale power costs.

(c) The IRP shall identify supply side and demand side options and analyze their benefits and costs in order to provide adequate and reliable electric service to consumers at the lowest cost for the system as a whole.

(d) The IRP shall include necessary features for system operation, such as diversity, reliability, dispatchability, and other factors of risk; and it shall take into account the ability to verify energy and cost savings achieved through DSM, energy conservation, and renewable energy systems, and the projected durability of such savings measured over time.

(e) The following elements also included in a DSM plan, pursuant to §§ 1710.357 and 1710.358, shall be included except where RUS determines that they are not necessary:

- (1) Load shape objectives;
- (2) Wholesale power pricing policy and costs, and their relationship to the proposed DSM activities;
- (3) Ownership and costs of DSM related hardware;
- (4) Incentive and marketing costs;
- (5) Communication and control costs; and
- (6) Monitoring methods and costs.

(f) The IRP shall analyze the DSM effects set forth in § 1710.359.

§ 1710.357 DSM plans.

(a) A DSM plan approved by the borrower's board of directors is required in support of a loan that includes funds for DSM activities or for off-grid renewable energy systems. The DSM plan shall address the borrower's existing and proposed activities for the same period covered by the Long-Range Financial Forecast submitted in support of the loan application.

(b)(1) A DSM plan prepared by a member of a power supply borrower must be consistent with the IRP prepared by the power supply borrower.

(2) A DSM plan prepared by a distribution borrower that is not a member of an RUS financed power supply borrower must be consistent with the borrower's own IRP.

(c) The level of detail required in the DSM plan is dependent on several factors, for example:

- (1) Size and term of loan;
- (2) Financial impact of loan on the borrower;
- (3) Probability of realization of the estimated impacts;
- (4) Magnitude of the estimated effects; and
- (5) Potential effects, if any, on other distribution members of a power supply borrower.

(d) RUS will consider effects of proposed and existing DSM plans on government loan security, rates, revenue requirements, competitiveness, other distribution borrowers, power supply borrowers or other industry recognized tests as applicable.

§ 1710.358 Requirements for a DSM plan.

A DSM plan shall include:

(a) A list of the DSM activities to be financed by the loan including details on implementation such as beginning and completion dates and estimated draw downs of loan funds;

(b) An analysis of the borrower's existing and proposed DSM activities, including sources of financing and projections of the effects of those activities as set forth in § 1710.359;

(c) System specific load research and DSM pilot projects as required by § 1710.353(f);

(d) A benefit/cost and net present value cash flow analysis of each DSM